

Name:

Enrolment No:



UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2018

Course: Retailing

Programme: BBA (Core-Marketing)

Time: 03 hrs.

Instructions:

Note: All sections are compulsory & this question paper carries 4 sections.

Semester: Vth

CC: BBCM185

Max. Marks: 100

SECTION-A

S. No.		Marks	CO
	<p>Fill in the blanks-</p> <ol style="list-style-type: none">1) The “D” in the AIDA framework for Advertising stands for _____(Demand / Desire).2) _____ (Personal Selling / Advertising) has a significantly high cost per customer acquired.3) In a Merchandise organization, _____ (Category/SKU) is a part of _____ (Category/SKU).4) _____ (Gross Margin/ ROA) is a more appropriate financial indicator for evaluating the overall financial performance of a retail organization.5) Mystery shoppers primarily try to identify gaps related to _____ (Standards / Delivery).6) _____ (Product line pricing / Product bundle pricing) is combining several products and offering the combination at a reduced price.7) Promotional Pricing is a type of _____ (Product Line Pricing / Price Adjustment).8) Uniform-delivered pricing is a type of _____ (Geographic / Dynamic) Pricing.9) The Racetrack layout is also known as a _____ (loop/grid).10) If we were to arrange the layouts as the most pleasing w.r.t shopping environment in an increasing order, then the order would be _____(Free-Form, Grid, Racetrack).	<p>(2 * 10 = 20 marks)</p>	<p>CO1, 2, 3, 4, 5</p>

SECTION-B			
	<p>Explain (any four) the significance of the following. (Your description should be crisp and in bulleted points and need not exceed more than 5 lines. Use diagrammatic frameworks, wherever relevant. Ensure that the terms are precise.)</p> <ol style="list-style-type: none"> 1) Free-Form Layout 2) Everyday Low Pricing 3) Mystery Shopping 4) Grid Store Layout 5) Value vs. Cost-based Pricing 	(4 * 5 = 20 marks)	CO1, 2, 3, 4, 5
SECTION-C			
Q	<p>Explain (any four) the significance of the following. (Your description should be crisp and in bulleted points and need not exceed more than 20 lines. Use diagrammatic frameworks, wherever relevant. Ensure that the terms are precise.)</p> <ol style="list-style-type: none"> 1) Gaps Model for Improving Service Quality 2) Elements of an IMC strategy 3) Merchandise Planning Process 4) Considerations in setting prices 5) Process for Managing Store Employees 	(4 * 7.5 = 30 marks)	CO1, 2, 3, 4, 5
SECTION-D			
Q	Read the case thoroughly and answer the questions:	(3*10 =30 marks)	
	<p>Retailing in India: The Impact of Hypermarkets</p> <p>Sizable economic growth in India during the past decade, particularly in the retail sector, has changed the way consumers behave. Although the size of the current Indian retail sector is impressive, its potential really speaks to what retailing will mean in the future.</p> <p>International retailers are slowly making their way into India. India's government allows foreign companies to open only single-brand stores. Large retailers with more than one brand are required to engage in a joint venture with an Indian company. Walmart, Tesco, and Carrefour have opened hypermarkets in India, but doing so was not an easy process. Carrefour waited 10 years to open its first store as a result of the restrictions. Hypermarkets, large retail outlets, combine the products found in a department store and supermarket, with the goal of turning shopping into an experience. The large store layouts and variety of merchandise force customers to spend more time in the stores, which in turn leads to more sales.</p>		CO1, 2, 3, 4, 5

Before 2000, Indian consumers generally purchased many of their retail goods from local mom-and-pop stores called *kiranas*, which sold mainly provisions and groceries. Shopping at *kiranas* is easy and convenient, because the small stores serve specific neighbourhoods and establish personal relationships with their customers. The new infusion of hypermarkets threatens to rob local store owners of their customer base—approximately a 23 percent decrease in sales in one year.

There are over 300 hypermarkets and 6,800 supermarkets in India. India has been experiencing 20 percent annual growth in retail markets. Hypermarket sales have increased fivefold from 2009 to 2013, and supermarket sales are increased 150 percent during the same period. Each new store opening may draw customers from 20 to 25 *kiranas* and fruit and vegetable stands, affecting over 1,00,000 vendors.

Most *kiranas* cannot compete with hypermarkets, because these larger retail outlets create more efficiency within the supply chain. Much local produce in India currently gets wasted, because the country lacks sufficient infrastructure. Even as it progresses through rapid development, India still lacks some amenities that Westerners take for granted, like refrigeration in retail operations. If a large retailer wants to open a hypermarket in India, it will have to invest capital to ensure freshness throughout the supply chain and help reduce waste. The Indian government is expected to spend \$500 billion over the next few years to develop a world-class infrastructure, which should spur growth in the retail sector.

The lack of infrastructure underlies a related issue facing hypermarkets. Unlike in Western nations, India's rather poor roads and transportation systems do not allow retailers to locate on large plots of land on the outskirts of town, since fewer consumers can reach them. Therefore, hypermarkets must look for retail space in more urban areas, which provide little available real estate.

Much of the impetus for the emergence of hypermarkets in India also comes from changes among Indian consumers. The country's younger generations are exposed to a host of innovative products that were unknown to their parents. They are far more receptive to new products and ideas. In addition, this segment of the population reflects the shifting age demographics; more than half of India's current population is younger than 25 years of age. With such a large percentage of younger consumers, it seems inevitable that India's cultural tastes will evolve. The strength and abundance of local *kiranas* have been a cultural mainstay, but they cannot efficiently offer Indians access to new and technologically advanced products. Because hypermarkets combine department stores and supermarkets, they carry product lines that local vendors cannot. They sell brand-name products at affordable prices, thereby enabling Indians to purchase a wide assortment of goods that they otherwise could not have. The coming and the presence of hypermarkets is likely inevitable.

This shift, from local mom-and-pop stores to more organized retail outlets, is happening very quickly in India. It is embraced by many consumers despite the cultural and legal considerations associated with hypermarkets. Furthermore,

because hypermarkets offer potential benefits for both the economy and the national infrastructure, local governments generally support the arrival of a hypermarket. The ultimate target market, however, is not the government but the consumers, and just as in any country at any time, the challenge lies in understanding what those consumers want and how to get it to them.

1. Is the Indian government's willingness to spend \$500 billion to improve the nation's infrastructure good news for local kirana stores? Why or why not?
2. How can a typical local kirana store counter the impact of large superstores and the hypermarkets as the Indian demographic changes to being more youthful and dynamic in their expectations?
3. How might a hypermarket located in India appeal to consumers and orient them to shopping in larger stores?

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SECTION-A

S. No.		Marks	CO
	<p>Fill in the blanks-</p> <p>11) The “I” in the AIDA framework for Advertising stands for _____ (Interest / Influence).</p> <p>12) Value-based pricing starts with _____ (designing a good product / assessing the needs of the customer).</p> <p>13) _____ (GMROI/ROA) is a more appropriate financial indicator for evaluating the performance of merchandise managers in a retail organisation.</p> <p>14) Mystery shoppers are _____ (regular / professional) shoppers who “shop” a store to assess the service provided by store employees.</p> <p>15) _____ (By-product pricing / Captive-product pricing) is setting a price for products that must be used with a main product.</p> <p>16) Segmented Pricing is a type of _____ (Product Line Pricing / Price Adjustment).</p> <p>17) Basing point pricing is a type of _____ (Geographic / Dynamic) Pricing.</p> <p>18) The Grid layout is most suited to customers who are interested in _____ (utilitarian / hedonic) benefits from their retailing experience.</p> <p>19) The _____ (Grid / Racetrack) layout encourages unplanned purchasing.</p> <p>20) Pop-up stores are mostly used to _____ (open up new markets / liquidate excess inventory).</p>	<p>(2 * 10 = 20 marks)</p>	<p>CO1, 2, 3, 4, 5</p>

SECTION-B

	Explain (any four) the significance of the following. (Your description should be crisp and in bulleted points and need not exceed more than 5 lines . Use diagrammatic frameworks, wherever relevant. Ensure that the terms are precise.) 6) Racetrack Layout 7) High-Low Pricing 8) Initial Markup vs. Maintained Markup 9) AIDA framework 10) Product Mix Pricing	(4 * 5 = 20 marks)	CO1, 2, 3, 4, 5
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SECTION-C

Q	Explain (any four) the significance of the following. (Your description should be crisp and in bulleted points and need not exceed more than 20 lines . Use diagrammatic frameworks, wherever relevant. Ensure that the terms are precise.) 6) Major Types of Store Layouts 7) Types of Sales Promotion 8) Steps in developing a Retail Communication program 9) Responsibilities of Store Managers 10) Price Adjustments	(4 * 7.5 = 30 marks)	CO1, 2, 3, 4, 5
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SECTION-D

Q	Read the case thoroughly and answer the questions:	(3*10 =30 marks)	CO1, 2, 3, 4, 5
	<p>Build-A-Bear Workshop: Where Best Friends Are Made</p> <p>Modern consumers want good value, low prices, and convenience, but they also appreciate a great shopping experience. Build-A-Bear Workshop usually locates its more than 400 stores in malls worldwide. It generates over \$450 million in annual sales by offering customers the opportunity to make their own stuffed animals, complete with clothing and accessories.</p> <p>In 1997, Maxine Clark came up with the idea for Build-A-Bear Workshop and opened a storefront in St. Louis. She had plenty of experience in the corporate side of retailing, having worked for Payless, ShoeSource and May Department Stores. Clark left corporate America on a mission to bring the fun back to retailing. Currently, the Company has sold more than 70 million furry friends.</p>		

The bear-making process consists of eight steps, Choose Me, Hear Me, Stuff Me, Stitch Me, Fluff Me, Dress Me, Name Me, and Take Me Home. The stores mirror the chain's name: Customers, or builders, choose an unstuffed animal and, working with the retailer's staff, move through eight "creation stations" to build their own bear (or other animal). At the first station, the Stuffteria, children can pick fluff from bins marked "Love," "Hugs And Kisses," "Friendship," and "Kindness." The stuffing is sent through a long, clear tube and into a stuffing machine. A sales associate holds the bear to a small tube while the builder pumps a foot peddle. In seconds, the bear takes its form. Before the stitching, builders must insert a heart.

The builders follow the sales associates' instructions and rub the heart between their hands to make it warm. They then close their eyes, make a wish, and kiss the heart before putting it inside the bear. After selecting a name and having it stitched on their animal, builders take their bears to the Fluff Me station, where they brush their bears on a "bathtub" that features spigots blowing air. Finally, they move to a computer station to create a birth certificate.

Bears go home in Cub Condo carrying cases, which act as mini-houses complete with windows and doors. In addition to serving as playhouses, the boxes advertise Build A-Bear Workshop to the child's friends. "You could buy a bear anywhere," says Clark, Chief Executive Bear. "It's the experience that customers are looking for." The experience isn't limited to the stores themselves. The retailer's Web site, buildabear.com, embraces the same theme. Build-a-Bearville (buildabearville.com) is its online virtual world where users can play with each other and play games. The bears that they bought at the store have a unique code that allows the user to redeem gifts while playing games in Build-a-Bearville.

Customers pay about \$25 for the basic bear, but they can also buy music, clothing, and accessories. To keep the experience fresh, Build-A-Bear Workshop regularly introduces new and limited-edition animals. Clothes and accessories are also updated to reflect current fashion trends. Outfits for the bears complement the owner's interests and personalities with themes such as sports, colleges, hobbies, and careers. Some children and their parents hold in-store birthday parties, with music playing from the store's official CD. To ensure customers enjoy a great experience every time they visit, all sales associates attend a three-week training program at "Bear University," and the firm offers incentive programs and bonuses. The inventory in the stores changes frequently, with different bear styles arriving weekly. Build-A-Bear Workshops also feature limited-edition and seasonal merchandise, such as a Beary Businesslike Curly Teddy for Father's Day; mummy, wizard, and witch bears for Halloween; and a Sweet Hugs & Kisses Teddy for Valentine's Day.

1. Is the Build-A-Bear Workshop concept a fad, or is it trend which is going to stay and also grow further in the near future? Justify your answer based on the fundamentals of Retailing you have been exposed to.

	<p>2. Using the Retailing Strategy concepts that you have studied, describe the target customer for this retailer.</p> <p>3. To further increase sales, what strategies can Build-A-Bear Workshop implement to generate repeat visits to the store?</p>		
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